

Message Text

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FOR EB/FTD-WILLIAMS

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TAGS: ETRD, NU, ES

SUBJECT: STATUS OF US BILATERALS WITH NICARAGUA AND

EL SALVADOR

REF: SAN SALVADOR 4244

1. FOLLOWING IS SUGGESTED REPLY TO REFTEL. YOU SHOULD CLEAR WITH EL SALVADOR DESK AND DAVILA AND THEN TRANSMIT AMEMBASSY SAN SALVADOR, TEXT HAS BEEN CLEARED BY CITA REPS HERE. INFO COPIES SHOULD ALSO BE SENT TO GUATEMALA, MANAGUA, SAN JOSE, TEGUCIGALPA, LIMA AND GENEVA FOR PHELAN.

2. BEGIN TEXT. FOLLOWING UP AMBASSADOR EBERLE'S TRIP TO LATIN AMERICA AND MINISTER JURICH'S VISIT TO MANAGUA LAST JULY, USG INTERAGENCY WORKING GROUP ON TEXTILES HAS BEEN UNDERTAKING EXTENSIVE REVIEW OF ALL US TEXTILE BILATERALS WITH LATIN AMERICAN COUNTRIES AS THEY RELATE TO MFA. IN THIS REVIEW, WE HAVE IDENTIFIED THUS FAR TWO BILATERALS (PERU AND NICARAGUA) WHICH, BECAUSE OF THEIR COUNTRIES' LEVEL OF TRADE WITH US AND THEIR LOW CAPACITY COULD BE TERMINATED AND REPLACED WITH A GENERAL FORMAL AGREEMENT TO CONSULT WITH USG SHOULD

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TEXTILE EXPORTS FROM THOSE TWO COUNTRIES CAUSE PROBLEMS

OF MARKET DISRUPTION IN US. AS REFTTEL INDICATES, US AND NICARAGUA HAVE AGREED TERMINATE EXISTING BILATERAL, AND WE EXPECT CONCLUDE UNDERSTANDING WITH PERU TO SAME END.

3. SUCH AN UNDERSTANDING WOULD NOT BE APPROPRIATE IN THE CASE WITH EL SALVADOR, AS ITS TEXTILE TRADE WITH US FAR HIGHER THAN EITHER PERU'S OR NICARAGUA'S. PERU'S MAN-MADE AND COTTON TRADE FOR YEAR ENDING JUNE 1974 WAS APPROXIMATELY 3.25 MSYE AND NICARAGUA'S APPROXIMATELY 1.44 MSYE. EL SALVADOR'S TRADE FOR SAME PERIOD IS 16.15 MSYE, AND LAST YEAR GREW AT RATE OF 233 PERCENT IN MAN-MADE FIBER TEXTILES ALONE. THUS US NOT RPT NOT PREPARED TERMINATE EXISTING BILATERAL WITH EL SALVADOR ALTHOUGH WE ARE WILLING NEGOTIATE NEW, ALL-FIBER BILATERAL WHICH WOULD BE SIGNIFICANTLY MORE LIBERAL AND FLEXIBLE THAN EXISTING COTTON BILATERAL.

4. SUBSTANCE OF PARA 3 ABOVE WAS POINTED OUT BY JURICH TO SALVADORIAN DELEGATION AT MANAGUA, AND SALVADORIANA AT THAT TIME INDICATED A WILLINGNESS TO ENTER INTO BILATERAL TALKS THIS FALL. SUBSEQUENTLY, DEPARTMENT RECEIVED NOTE FROM MINISTRY OF FOREIGN AFFAIRS ASKING FOR NEGOTIATIONS TO BEGIN BY OCTOBER 1. DEPARTMENT INFORMALLY DISCUSSED NOTE WITH EL SALVADOR EMBASSY WASHINGTON ADVISING THEM THAT NEGOTIATING SCHEDULE US TEXTILE DELEGATION SUCH THAT IT WAS UNLIKELY WE WOULD BE ABLE TO MEET OCTOBER 1 SUGGESTED DATE. WE EMPHASIZED TO GOS EMBASSY THAT EL SALVADOR WAS HIGH ON PRIORITY LIST, BUT AS JURICH STATED IN MANAGUA, WE WERE UNDERTAKING REVIEW OF LA BILATERALS WHICH WOULD PROBABLY NOT BE FINISHED UNTIL MID OR LATE OCTOBER. FYI SUCH REVIEW IS NOW RPT NOW FINISHED. END FYI. WE ARE NOW REVIEWING NEGOTIATING SCHEDULE FOR FIRST QUARTER 1975 AND WILL NOTIFY BOTH EMBASSY AND EL SALVADOR EMBASSY WASHINGTON (HOPEFULLY BY END OF MONTH) WHEN DATE CAN BE FIXED FOR THESE NEGOTIATIONS.

5. WE DO NOT BELIEVE THERE IS ANY DISCRIMINATION AGAINST EL SALVADOR DESPITE TERMINATION OF PERU'S AND NICARAGUA'S BILATERALS. WE ARE TRYING WHEREVER LIMITED OFFICIAL USE

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POSSIBLE TO LIBERALIZE TEXTILE TRADE RELATIONS WITH ARA NATIONS IN CONFORMITY WITH MFA AND ADMINISTRATION'S POLICY OF NEW DIALOGUE, AND WE BELIEVE EL SALVADOR ITSELF WOULD APPRECIATE THERE IS SIGNIFICANT DIFFERENCE IN THREAT OF MARKET DISRUPTION BETWEEN SALVADOR TEXTILE TRADE ON THE ONE HAND AND PERU'S AND NICARAGUA'S ON THE OTHER. ALSO, NEITHER PERU NOR NICARAGUA PRESENT ANY MAJOR 807 THREAT WHICH EL SALVADOR DECIDEDLY DOES, AND

AS JURICH TOLD GOS DELEGATION IN MANAGUA, THIS 807
PROBLEM MUST BE DEALT WITH WITHIN A REASONABLE TIME
FRAME SUCH AS EARLY IN 1975. WE BELIEVE THAT WHEN
THE TWO SIDES DO MEET A MUTUALLY SATISFACTORY ALL-FIBER
BILATERAL CAN BE CONCLUDED WHICH WILL TAKE INTO ACCOUNT
THE TEXTILE PROBLEMS BOTH COUNTRIES FACE WHILE FULLY MEETING
THE OBJECTIVES OF BOTH THE MFA AND THE ADMINISTRATION'S
POLICY OF NEW DIALOGUE. END TEXT.
SNEIDER

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